

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of:

APPLICATION OF KENTON COUNTY WATER DISTRICT)
NO. 1 TO ISSUE REVENUE BONDS IN THE AMOUNT)
OF \$15,000,000; TO CONSTRUCT ADDITIONAL) CASE NO. 7794
PLANT FACILITIES; AND NOTICE OF ADJUSTMENT)
OF RATES ON APRIL 21, 1980)

O R D E R

On March 28, 1980, Kenton County Water District No. 1 (Applicant), filed with this Commission its application seeking authority to issue \$15,000,000 of parity revenue bonds, to construct \$7,030,000 of system improvements, to refund outstanding temporary bank loans and to make other expenditures and to increase its rates in the amount of \$2,271,063 annually to become effective on or after April 21, 1980.

On March 28, 1980, the Commission entered an Order suspending the proposed rates and charges for a period of five (5) months or until September 21, 1980, set the first hearing for May 6, 1980 and directed the Applicant to notify its customers of said hearing.

The hearing was held as scheduled with further hearings being held on May 30, June 3, and July 23, 1980. All parties of interest were notified in the manner prescribed by the Kentucky Revised Statutes. Intervenors in this matter include the Consumer Intervention Division of the Attorney General's Office, Boone County Water District, Florence Water District, Taylor Mill Utility Commission, Interlake, Inc., and the cities of Taylor Mill, Ludlow, Cold Springs and Florence. At the hearings witnesses for the Applicant and the intervenors testified and were cross-examined. At the conclusion of the hearings additional information and briefs were filed and the matter was submitted to the Commission for final determination.

On August 29, 1980, the Commission issued an Order wherein the Applicant was granted authority to issue additional revenue bonds, construct additional improvements to the system and was

granted an increase in revenue in the amount of \$1,807,739 annually.

On September 18, 1980, the City of Taylor Mill Utility Commission (Intervenor) one of several "basin area" intervenors, filed with the Commission its application for a rehearing wherein they stated no objections to the amount of revenue, the approval of the construction project and the approval of a bond issue to finance same, but, based their objections to the rate structure set out in Appendix "A" of this Commission's Order.

The Commission after further consideration of all the evidence of record is of the opinion and finds:

1. That contrary to the intervenor's statement that "apparently, however, \$.38 per 100 cubic feet was used on page 3 of Exhibit No. 8 of the District's application in the billing analysis of the Taylor Mill Water Commission and therefore, the error created no significant revenue shortages," the District, in fact, used \$.45 per 100 cubic feet in its application in the billing analysis of the Taylor Mill Water Commission. (See Exhibit 8, page 3 of the Applicant's filing; 328,109 CCF (corrected for transposition) times \$.45 equals \$147,649). The exhibit shows the proposed rate of \$.45 per CCF. The use of a \$.38 per CCF rate produces \$124,681 or \$22,968 less than the amount of the Applicant's filing.

2. That a 3¢ difference between the "basin area" rate and the other wholesale rate or approximately 7% is tenable (41¢ and 38¢).

3. That the Applicant did not recommend that any water be sold at less than \$.38 per CCF and that the lowest rate should be \$.38.

IT IS THEREFORE ORDERED that based upon the above findings the Taylor Mill Utility Commission's application for a rehearing be and the same is hereby denied.

Done at Frankfort, Kentucky, this 8th day of October, 1980.

UTILITY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary